Media Briefing Sheet

1. The Intergenerational Foundation:

- The Intergenerational Foundation (IF) is an independent non-party-political charity funded by no-strings donations founded in 2011
- IF researches the plight of younger and future generations in British policy-making
- Whilst increasing longevity is to be welcomed, our changing national demographic, expectations of entitlements, and government spending decisions are placing increasingly heavy burdens on the social contract between the generations
- Our main areas of work are housing, health, employment, taxation, pensions, education, government debt and spending, taxation, pensions and the environment
- Young people who are worse-off appear to be giving more than their fair share to fund a system that benefits older, wealthier, sections of society
- IF questions this status quo; calling instead for sustainable long-term policies that ensure that the interests of younger and future generations are better protected by policy makers

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2. Ageing:

- In 2023, there were 11 million people aged over 65 in England (Age UK)
- The over-65s make up approx. 19% of total England and Wales population of 60,000,000 (ONS 2023 Census 2021 analysis)
- This is projected to increase by 10% in the next five years and by 32% by 2043 (Age UK)
- Over the next 20 years the population aged 65-84 will rise by 39 per cent and those over 85 by 106 per cent (King's Fund)
- By 2038 the population aged 65 and over is projected to account for 24 per cent of the total population, while the proportion of the population aged between 16 and 64 is due to fall from 63 per cent to 59 per cent.
- The old-age dependency ratio (OADR) - the number of people of state pensionable age (SPA) and over per 1,000 people aged 16 years up to SPA – was 280 in 2020 and is projected to reach 352 by 2041. This means the number of people of pensionable age relative to the size of those of expected working age is increasing

- Whilst increasing longevity is welcomed, our longer-living population is increasing the pressure on a

smaller cohort of younger taxpayers who are themselves currently facing wage, housing, education and savings pressures, Brexit, the COVID-19 pandemic, and now a cost-of-living crisis, high inflation and higher taxation as war rages in Ukraine and increases prices further
- Housing has replaced pension saving as a savings vehicle for later life due to suspicions over pensions (Equitable Life collapse). Now retired people do not want to release this equity to fund their old age
- In 2021, more than half of people living alone (50.6%) were aged 65 years and over,
- A re-evaluation of what we expect of the state is required by all generations irrespective of their voting practices or personal wealth

3. Births:

- There were 590,774 live births in 2023, down from 605,479 live births 2022, and 624,828 in 2021. This is the lowest number since 1977 (ONS live births Aug 2024)
- Fertility levels were falling well before the COVID-19 pandemic
- Low birth rates mean fewer future workers and taxpayers as society ages
- It affects the old-age dependency ratio i.e. the number of over-65s that need to be supported by the number of working-age people
- Fewer workers and more older people leads to a smaller tax base and a higher tax burden

4. Child and old age poverty:

- While 17% of over-65s are estimated to be living in poverty, 30% of children living outside London and 40% of children living in London are growing up in poverty
- There were **4.2 million children** living in poverty in the UK in 2021-22 compared to 2.1 million (1 in 6) pensioners (JRF 2024 report)
- In 2022, around **1 million children lived in households who experienced destitution**. This is an increase of 88% since the charity's corresponding 2019 study, and a 186% increase since the 2017 study.400,000 more children living in deep poverty (living on less than 50% of average incomes) than in 2010/11**. And, 2.3 million children (16% of total) in material deprivation (lacking food/clothing or social activities)**. (JRF)
- **1.6 million children living in damp conditions in Feb 2023** (Citizen's Advice)
- 151,630 children lived in temporary accommodation at the end of March 2024, up from 131,300 the previous year. This is the highest since records began in 2004. (Tables of homelessness gov.uk)

5. Wealth/rent

- The wealth of over-65s has doubled over the last 10 years, mainly due to pensions and house price appreciation
- There are **now 3 million pensioners in "millionaire households"** if housing and pension wealth is included. The number has quadrupled between 2008/10 and 2018/20. 53% had housing and pension wealth worth between £500,000 and £1 million (Intergenerational Foundation)
- The over-50s now **hold 78% of all of the UK's privately held housing wealth** (Savills)
- Owner-occupiers aged 65-plus hold a record estimated £2.587 trillion of net housing wealth in homes worth a total of £2.735 trillion (Savills)
- 41% of 20 to 34-year-olds have no property wealth (Intergenerational Foundation 2022)
- Median total wealth amongst people in their early-60s was almost nine times as high as those aged in their early-30s.
- **Median under-30s' households spent 70% of their weekly expenditure on essentials in 2023** (Intergenerational Foundation)
- Nearly 50% of 16-25 year-olds fear they will never earn enough to start a family (Prince's Trust)
- Nearly 20% of renters compared to 1% of outright owners, and 4% of mortgagees have had outstanding bills or standing orders they have been unable to pay (ONS Opinions & Lifestyle Survey May 2023)

- Average UK private rents **increased by 9.1% in the 12 months to November 2024** (provisional estimate); this is up from 8.7% in the 12 months to October 2024 (ONS, Price Index of Private Rents). Private rents paid by UK tenants increased by 6.2% in the year to November 2023

- 54% of renters were worried about their ability to pay the rent (Ipsos survey 2022, House of Commons Library)
- In 2023-24 private renters and mortgagors saw the biggest increase in those reporting difficulty affording their housing costs compared to last year (2022-23), with **private renters the most likely across all tenures to be struggling (32%),** followed by social renters (27%) and mortgagors the least (14%).(English Housing Survey 2023 to 2024: headline findings on demographics and household resilience)

6. Students and graduates in non-graduate jobs

- 38% of recent graduates were in non-grad jobs and 33% of all UK graduates were in non-grad jobs in 2022 (ONS 2022)
- Graduate loan term for new students extended by an additional 10 years to 40 years in Sept 2023.
- Student maintenance loans increased by 3.1% in 2023/24, up from just 2.8% in 2023 (benefits increased by 6.5% and the state pension by 8.5% after a whopping 10.1% in 2022/23)
- **14% of students used foodbanks in the 2023/24** academic year, double the rate it was in 2022. (NUS student survey)
- **A record number of students (56%) are working part-time** (HEPI)
- **In 2024/25 student maintenance loans will increase by 3.1% but so too will student fees!**
- **One-third of students have considered dropping out** (HEPI)
- Plan 2 student loan interest rates climbed as high as 8% in 2024.
- In 2025, current Plan 5 student loan interest rates are 4.3% but the repayment threshold has dropped to £25,000
- IF sees this as an intergenerational sleight of hand

7. Decade before COVID-19:

- Before COVID-19 hit younger generations' prosects has stagnated or declined in 9 out of 10 policy areas researched. The only area to have improved was the environment with decreases in air pollution
- Young **people's wages had only just recovered** from the global financial crisis more than a decade before. Youngest workers aged 16-17 saw a decrease in wages over the period but the National Minimum Wage helped those over 21 years of age
- Employment trends were changing and young people were the **most likely of all ages to be out of work**, or facing under-employment, wanting more hours but unable to gain them
- The average under-30 year-old was **having to spend two-thirds of weekly expenditure on essential spending** (housing, utilities, travel) in 2019
- Homeownership levels have plummeted among the young as house prices doubled in value between early 2000s and Jan 2021, and rose another 10% year on year to Jan 2022
- **Student fees tripled**, then increased again to £9,250 a year, with new grads who earned over the threshold of repayment facing 41% marginal tax rates for 30 years
- The percentage of young adults with some evidence indicating depression or anxiety rose from 18% in 2009/10 to 25% in 2017/18
- Voter turnout has been consistently lower for younger people although the 2017 General Election saw a "youthquake" with a 16% increase in 18-24 year-old voters and an 8% increase in 25-34 year-olds. However, this trend did not continue in 2019 following younger generations' dismay over the EU Referendum

8. Government spending pre-COVID:

- Government spending on education per person had fallen while the triple lock saw spending on pensioners increase significantly — creating a huge (and still growing) intergenerational spending gap.
- The gap in the amount of money the government spent on an older person compared to what it spent on a child **doubled over the past 19 years**

- The government was spending around £20,800 on each pensioner and only £14,700 on each child – a £6,000 difference
- Since 2010/11, although overall public expenditure grew by 60% in real terms, reaching £850 billion in 2018/19, pensioners captured 30% of this growth throughout the period, rising by around £100 billion.
- Twice as many children – 4.2 million – were living in poverty compared to older people, who have seen their generation's poverty levels fall by around half
- The Triple Lock on the State Pension, introduced in 2010, and which rises by the higher of earnings, inflation or 2.5%, can explain much of the divergence in spending
- The government spent 45% more on servicing public sector pension debt interest payments (£18 billion a year) over the previous four years than it spent on child benefit payments (£11.5 billion in 2018–19).
- Pensioners had also benefited from the highest rate of growth in outpatient mental health treatment, receiving three times as much spending in 2018/19 compared to 2011/12, whereas spending on children rose by only 5.6% over the same period
- The government spent close to £500 billion on COVID-19 spending on top of day-to-day government spending

9. COVID-19

COVID-19 Jobs

- Younger workers were hit the hardest as the nation went into lockdown as their generation was more likely to be employed in industries most likely to be shut down –hospitality (bars, clubs, theatre, gigs, cinema, and events), travel, and retail. 3 in 5 job losses in the year following February 2020 were among people below 25 years of age
- 24-35 year-olds were most likely to be Universal Credit claimants and had the highest number of people of any age group on furlough with 1 million people still on furlough in January 2021

COVID-19 Housing

- There were "two housing nations" during the pandemic. The first is made up of older wealthier generations who bought up more space, both inside and out, while the second nation comprised poorer people, young families and younger people who lived with more people in the same household in much less space
- Nationwide: the average value of a home went up by 12.1 per cent in April 2022
- Net wealth of homeowners grew to £11.2 trillion in the year 2020/21, an increase of 8.4 per cent on 2019 and the highest rate of growth seen since before the 2008 financial crisis
- Overall Stamp Taxes and Annual Tax Enveloped Dwellings (ATED) receipts for April 2021 to March 2022 were £18.6 billion, which is £6.1 billion higher than in the same period a year earlier
- By December 2020 15% of 18-24 yr-olds were in rent arrears, 1 in 7 members of this age group
- 30,000 people were living in a home consisting of just one room
- As a result of the government ban on evictions, landlord repossession claims decreased by around 88% between the first and second quarter of 2020

COVID-19 Mental health

- 16-29 year-olds had the highest levels of anxiety in 2020/2021. The over-85s had the lowest levels of anxiety during the same period
- Younger generations also felt more lonely than older generations during the pandemic

COVID-19 Child and Adolescent Mental Health

- **There were 395,369 referrals to NHS Child and Adolescent Mental Health Services between April and October 2021, a rise of 52 per cent on 2020**, according to Young Minds
- Child mental ill-health increased from 1 in 9 children to 1 in 6 children during the pandemic
- 100,000 "ghost" children disappeared from school registers

- Ofsted's Chief Inspector is increasingly concerned about the inability of pre-school children to understand facial expressions having had fewer opportunities to develop their social and emotional skills during the pandemic
- 190,000 children were referred to mental health services between April and June 2021, **134% up on the previous period the year before and 96% up on 2019**. (Royal College of Psychiatrists)

10. Housing:

Under-occupation:

- Older generations have achieved massive gains in the value of their properties
- 5.5 million people own second homes in England – a 50% increase between 2011 and 2020 – and they are owned primarily by older people (Intergenerational Foundation)
- In 2024, 71% of households under-occupied their homes (Resolution Foundation)
- This is up from 52% under-occupying their homes in 2021, with housing assets and space passing from renters to owners and from younger generations to older generations (Intergenerational Foundation)
- 8.7 million households live in under-occupied homes (i.e. two or more spare bedrooms), a figure that has increased by 2.2 million over 11 years
- Space inequality has also increased, with owner-occupied homes enjoying a third more space ($108m^2$) on average than privately rented homes ($76m^2$) and almost double the space as a social home, and just 7% of 55–65 year-olds reporting a lack of outside space compared to 21% of 25–34 year-olds
- An easy win would be to increase incentives for under-occupying households to rent out more than one room. This could be done by increasing the Rent-A-Room tax allowance currently set at £7,500 per month
- Older generations who no longer live with dependants should also be encouraged to downsize where possible to replenish housing supply and help fund their social care. IF has previously called for a stamp duty holiday for downsizers. Instead, the government, in 2015, introduced a residential nil rate band (RNRB) recognises that losing the NRB might put older people off downsizing before death

Micro-homes:

- IF found that the number of micro-homes being built in the UK has also increased by almost fivefold in just five years, from 2,139 in 2013 to 9,605 in 2018.
- There are no recent statistics on the increase in the number of micro-homes in England.
- The UK has the smallest rooms in Europe, with some micro-developments found to be as small as 8.3 square metres.
- In October 2020, the UK government announced new planning rules to require minimum space standards (37 square metres) for all permitted developments – a win for younger generations.

Renting:

- Average UK private rents **increased by 9.1% in the 12 months to November 2024** (provisional estimate); this is up from 8.7% in the 12 months to October 2024 (ONS, Price Index of Private Rents). Private rents paid by UK tenants increased by 6.2% in the year to November 2023
- In 2024, nearly two-thirds of workers living in private rented housing struggled to pay their rent (Shelter)
- 90,000 new social rented homes need to be built every year by the end of the parliament (National Housing Federation)
- **150,000 children were living in temporary accommodation i**n 2024 (MHCLG)

11. Universal Benefits:

Winter Fuel Payments:

- The removal of Winter Fuel Payments from 3 million over-65s living in millionaire households was intergenerationally fair
- 11 million over-65s were eligible for Winter Fuel Payments irrespective of their wealth
- Winter fuel payments cost the government around £2 billion annually however this is poorly justified

because:

- Only 41% winter fuel payments are actually spent on fuel
- A scheme already exists to help those suffering fuel poverty: Cold Weather Payments
- In April 2022, as part of the Warm Homes Discount, the government announced £475 million (in 2020 prices) spending each year for Great Britain until 2026, and increasing the value of the rebates to £150.

Prescriptions:

- You can claim free prescriptions before you reach the state pension age if you are over 60 years of age, regardless of your income. The rise in the State Pension Age (SPA) to 66 has now created a disconnect between the aged-based prescription exemption and SPA
- It means that younger working-age people are subsidising the free prescriptions of older colleagues under State Pension Age. IF believes that to be intergenerationally unfair
- People of working-age can only claim under certain circumstances
- 1.18 billion prescription items were dispensed in the community in England at **a cost of £10.4** billion in 2022/23. The number of items dispensed increased by 3% from 2021-22, while costs increased by 8% (NHS Business Services Authority 2023)
- Free prescriptions provided to the elderly account for 62% of all items prescribed. This cost the NHS £4.8 billion in 2017
- Revenue from these charges would be much higher if provision of free prescriptions amongst the over-60s was means-tested

Free Bus Passes:

- In real terms government spending on transport for pensioners per person increased by almost 12 times between 1999 and 2018.
- In England, comparing **the year ending March 2024** with **the year ending March 2023**, there were:
  8.8 million older and disabled concessionary travel passes, up 1% (89% of which were used by older people compared to 11% used by disabled people)
  604 million concessionary bus journeys, up 6%
  £708 million reimbursed to bus operators by TCAs, down 6% (constant prices)
  £885 million in net current expenditure on concessionary travel, down 5% (constant prices)
- Free travel for all individuals over the state pension age has been a statutory obligation since 2001.
- In London, free travel is given on most transport systems to all people over 60 years of age after 09:00.
- Meanwhile, children, from the age of 11, can only travel free on London buses or trams but have to pay "child fares" on the tube, DLR, London Overground, TfL Rail (excluding between West Drayton and Reading) and Emirates Air Line
- Despite using buses far more than older age groups and having lower access to a car, young people aged 16-24 face difficulties in accessing free and discounted bus fares
- Bus fare support varies significantly across the UK, with some areas offering no support beyond the age of 16. In areas with support, there is considerable variability in the type of offer provided as well as the ages which are eligible for support will calls to introduce financial support on fares up until the age of 25. **Costly bus travel harms the life chances of young people by reducing opportunities to access education, training and employment**

- Younger generations are subsiding approximately 24% of older people eligible for concessionary travel to travel to work for free, costing younger taxpayers millions of pounds every year. This figure rises to 55% in London (Intergenerational Foundation)
- In 2013, £60 million of the costs of fare concessions in England were spent on travel to and from work. Since then, the costs of these concessions have increased by 71%
- In comparison, local authorities are only obligated to provide free travel for children and young people under certain circumstances

12. Inheritance:

- Reform of inheritance tax could be used to encourage families to increase lifetime giving, and give more widely, e.g. when their children and/or grandchildren/great grandchildren have greater financial needs
- However, traditional cascading of assets down the generations is in reverse due to increasing longevity
- IF welcomes the 2024 reforms to Inheritance Tax (IHT):

  IHT thresholds will be frozen until 2030 – progressive

  Inherited pensions will be liable to IHT from 2027 – progressive
  Agricultural Property Relief (APR) and Business Property Relief (BPR) will be extended to include land managed under an environmental agreement with the UK government, devolved governments, public bodies, local authorities and approved responsible bodies.
  From 6 April 2026:

    - Relief will remain at 100% on combined agricultural and business property up to a value of £1 million.
    - After £1 million, the rate of relief will be reduced to 50%.
    - BPR will be reduced to 50% on shares designated as 'not listed' on the markets of recognised stock exchanges, such as the Alternative Investment Market (AIM).

- HM Treasury forecast to take £7.5 billion in IHT for 2024/25. (OBR)
- For the wealthy, stamp duty and inheritance tax are easy to avoid via Trusts or by Ltd companies who hold residential property and then sell the company (including the property) that cuts the tax payable from approx. 5% to 0.5% or less
- This practice is positively promoted to buy-to-letters, according to the authors of Jilted Generation

13. National insurance:

- IF believes that the government was wrong to withdraw the over-65s social care levy on National Insurance contributions introduced in 2022. The argument for such a move is that older wealthier people should contribute more towards the health and social care needs of their own generation
- In 2020, 12% of over-65s were working, with 37% of these workers self-employed
- In 2023, 15% of men and 9% of women were working beyond 65 years (ILC)
- National Insurance generates considerable revenue for the government, which expects receipts of £158 billion for the year to March 2023. £150.2 billion was raised in 2019/20, which accounts for 17% of total government revenue that year
- IF believes that the 2024 reform of employers NICs – which will rise to 15% from April 2025 is a tax on young people's jobs.

14. Higher education/graduates:

- Student loan interest rates are based on the Retail Price Index (RPI), which has been widely recognised to systematically overstate inflation & is discredited & to be phased out by 2030

- Interest rates as of January 2025:
  4.3% if you're on Plan 1
  7.3% if you're on Plan2
  4.3% if you're on Plan 4
  4.3% if you're on Plan 5
  7.3% if you're on a Postgraduate Loan plan
- Whilst the older generation benefited from free education, the forecast average debt among the cohort of borrowers who started their course in 2022/23 is £45,600 when they complete their course (House of Lords Library)
- Combined with Income Tax (minimum 20%) and National Insurance (now 8%) young people earning over the threshold of repayment and repaying 9% of income now face a marginal tax rate of 37%.
- These costs cannot be justified by the "Graduate Premium" which does not exist for many graduates
- See Section 6 for graduates in non-grad jobs

- Student housing costs have skyrocketed by around 10% year-on-year, while student maintenance loans have only increased by 2.8%:
  - In Bristol, the average rent has gone up 9.6 per cent from £136 a week in 2022, to £149 in 2023
  - In Nottingham, it is up 6.7 per cent from £124 to £133 a week
  - In Manchester, rent is up 8.5 per cent from £107 a week to £116
  - In Leeds, rent is up 10.4 per cent from £104 a week to £115 a week
  - And in Birmingham, rent is up 3.5 per cent from £108 a week to £112. (Independent, 21 Feb 2023)
- 13% of higher education FT students did not take out student loans in 2021/22 (ONS Student Income and Expenditure Survey)

15. Pensions:

Published in 2021 (latest!) Government pension liabilities were £6.4 trillion in 2018, representing an increase of 21% compared with 2015. This was largely due to a change in the discount rate assumption from 5% (nominal) to 4% (nominal) in line with international requirements (see Section 5: Government-managed pension liabilities).

State pension

- Around 55% of social security expenditure goes to pensioners; in 2024-25 we will spend £165.9 billion on benefits for pensioners in GB . This includes spending on the State Pension which is forecast to be £137.5 billion in 2024 to 2025 (GOV.UK)
- State pension accrued liabilities:
  - 2015: £4 trillion (1 trillion = thousand billion!)
  - (Published in 2021) In 2018: the state pension liability had increased to £4.8 trillion (224% of 2018 gross domestic product (GDP))
- There were an estimated 12.95 million state pensioners in Great Britain in 2024/25
- In February 2024, 1.36 million households in Great Britain were receiving Pension Credit, of whom 1.18 million were single pensioners and 180,000 were pensioner couples.
- Department for Work and Pensions (DWP) data shows that in 2022/23: • 2.2 million pensioners (19%) were in relative low income before housing costs and 1.9 million **(16%) were in relative low income after housing costs in 2022/23.**

Public sector pensions

- The current annual bill for these pensions for 2024-25, according to the Government, will be a staggering £54.3bn – larger than the defence departmental budget

Public sector net debt

- At the end of 2023/24 public sector net debt was £2,686 billion (i.e. £2.7 trillion), or 96% of GDP. This is **equivalent to around £39,300 per person in the UK.**

National debt

- In 2024-25, the OBR expects debt to be equivalent to 98.4 per cent of national income. It is equivalent to around £2.8 trillion or £99,000 per household.

16. Government spending:

- IF research has shown that over the past two decades, the government has consistently spent more on each pensioner than they have on each child, and the gap has increased two-fold since 1999.
- In 2024 to 2025 the UK is forecast to spend £319.1 billion on the social security system.
- More is being spent solely on paying interest on public sector pension debt (£18 billion) than on funding the entire child benefits scheme (£11.5 billion).

For further media information or to discuss the work of IF:

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